

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-389

June 29, 2001

UNITEL, INC.  
Petition For Authority to Issue  
Securities to an Affiliate and  
Authorization of Security Agreement  
(\$ 902) (\$850,000)

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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In this Order we approve the Application of UNITEL, Inc. (UNITEL, or the Company) filed on June 8, 2001, for Approval of Loan and Related Transactions, pursuant to 35-A M.R.S.A. §§ 707, 901-02 and 1101. The Company seeks authority to borrow \$850,000 from CoBank, ACB (CoBank) under an 11-year term loan at an interest rate that will be selected by UNITEL from three options presented by the lender. The Application states that the proceeds of the loan will be used to finance capital expenditures, and for working capital and general corporate purposes. The loan will be secured by a mortgage of and a security interest in UNITEL's assets. The transaction also requires Unitek, the parent company of UNITEL, to guarantee the loan to UNITEL and to secure the guaranty with a pledge of its stock in UNITEL.

UNITEL's application states that the proceeds of the loan will be used for the purpose of replacing obsolete information technology platforms, including billing and plant record systems. The Company asserts that its current systems are not able to meet its current needs for record keeping and customer needs. The new borrowing will also be used for other capital expenditures, working capital, facilities expansion and general corporate purposes.

The loan will be secured by a mortgage and security interest in UNITEL's assets, which requires Commission approval pursuant to 35-A M.R.S.A. §1101. The Company asserts that this is a reasonable method of securing debt financing for its new assets. Also, CoBank already has a security interest in UNITEL's assets through a current long term loan arrangement. The new borrowing also will be guaranteed by Unitek, UNITEL's parent company, and that guarantee will be secured by a pledge of Unitek's stock in UNITEL. This guarantee of the loan arrangement by an affiliated interest of the utility requires Commission approval under 35-A M.R.S.A. § 1101.

The loan agreement contains a Loan Origination Fee and a Commitment Fee payable on any unused portion of the credit facility. CoBank will allow UNITEL to select from three interest rate options: 1) a Weekly Quoted Variable Rate; 2) a LIBOR option; and 3) a long-term fixed rate option.

Pursuant to an Amended Delegation Order dated January 9, 1996, in Docket No. 94-401, the Commission delegated to the Director of Finance, pursuant to 35-A M.R.S.A. § 107 (4), the authority to grant the approval of stocks, bonds and notes of indebtedness by the Public Utilities Commission under Chapter 9, 35-A M.R.S.A. in

those circumstances that involve the approval of financing applications by telecommunications and electric utilities by, inter alia, CoBank ACB. The approval of the Director of Finance must be in the form of a written order, copies of which shall be maintained in the office of the Administrative Director.

Having reviewed the application of UNITEL, together with information provided in support of it, it is the opinion of the Commission that the proceeds of the borrowing are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. In approving this securities issue, consistent with normal practice and pursuant to 35-A M.R.S.A. § 902 (4), the Commission does not imply approval of the Company's capital needs, capital costs or capitalization ratio for rate making purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, pursuant to the Amended Delegation Order dated January 9, 1996 in Docket No. 94-401, it is

### ORDERED

1. That UNITEL is authorized, pursuant to 35-A M.R.S.A. § 902, to issue securities in the form of its promissory note to CoBank, ACB in the amount of up to \$850,000 substantially in accordance with the terms and conditions and subject to the encumbrances described in the Summary Term Sheet attached to its filing and to be used solely for the purposes described in its Application.
2. That UNITEL is authorized, pursuant to 35-A M.R.S.A. § 1101 to issue a mortgage on its assets as security for the securities issue approved in Paragraph 1 of the Order.
3. That UNITEL is authorized, pursuant to 35-A M.R.S.A. 707, to obtain a guarantee of the securities issue approved in Paragraph 1 from its parent corporation, Unitel.
4. That the Company report to the Director of Finance in writing its doings pursuant to this Order within sixty (60) days of the issuance of the securities authorized in this Order.
5. That a copy of this Order be mailed to interested parties and this docket be closed.

Dated at Augusta, Maine, this 29<sup>th</sup> day of June, 2001.

BY ORDER OF THE ACTING DIRECTOR  
OF FINANCE

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Richard Kania  
Acting Director of Finance

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.